

What Happens to Nonfunded Projects?

Through cost-shared funding awards, the Advanced Technology Program (ATP) helps companies pursue high-risk Research and Development (R&D) with great potential for broad-based economic benefit. To assess the funding impact of an ATP award, one can consider what happens to project proposals that are not selected for an award. Evidence from the *Survey of ATP Applicants 2002* indicates that without ATP support these projects are generally not carried out as originally proposed.

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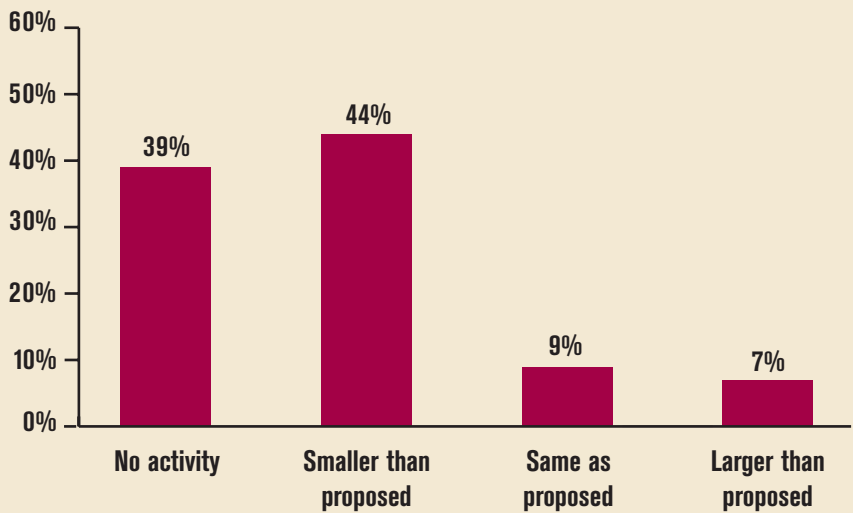
Nonawardees were asked to indicate whether they are currently carrying out any part of the project they proposed to ATP. They were asked to describe any current effort as larger, smaller, or about the same as originally proposed to ATP. These survey data were collected about 18 months after ATP’s decision not to award funding to these projects in the 2002 competition.

Most nonfunded projects are either no longer active or have been greatly reduced in scope

- When ATP decides not to fund a proposed project, the company applicants often do not carry out the work on their own. Among Nonawardees, 39% report that their company is no longer pursuing any part of the project. (See Figure 1.)
- Among Nonawardees, 44% report they are still working on their proposed projects on a scale smaller than what was proposed to the ATP. (See Figure 1.)
- These findings are very similar to what was found for the year 2000 Nonawardees.
- Among those Nonawardees reporting that their proposed projects are being conducted on a smaller scale, the vast majority (87%) indicate the project is now “less than 40%” of the scale initially proposed to the ATP. Over half (57%) describe it as “less than 20%” of what was originally proposed. (See Figure 2). A similar pattern was found for the year 2000 applicants.

FIGURE 1.

Current Status of Nonfunded Projects (Year 2002 ATP Competition)

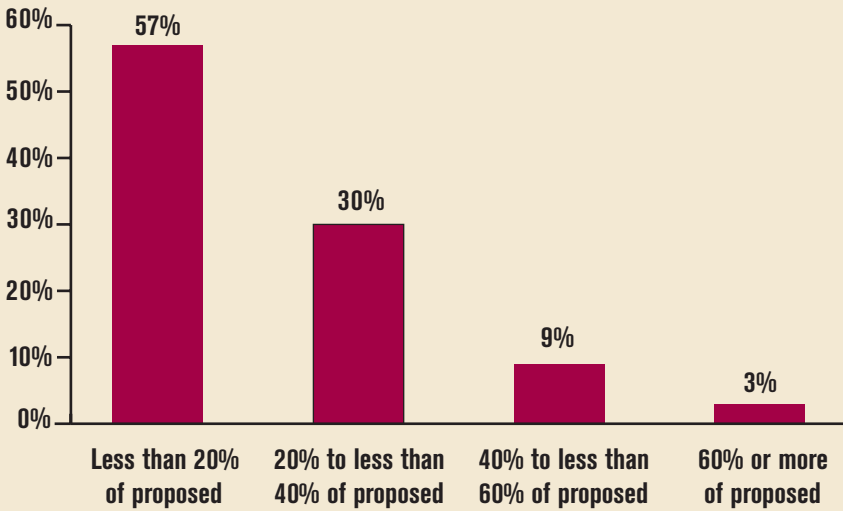


Current Scale of Effort, Relative to Project as Originally Proposed to ATP

Note: Data shown based on 458 Nonawardees.

FIGURE 2.

Current Scale of Effort for Nonfunded Projects with Some Continued Company R&D Activity



Current Scale of Effort, Relative to Project as Originally Proposed to ATP

Note: Data shown based on 197 Nonawardees who reported that they are still working on their proposed ATP project, though on a smaller scale than what was originally proposed.

Many nonfunded joint venture projects are no longer active as R&D collaborations

- ATP fosters R&D collaboration among companies by supporting research joint ventures, which allow companies to share the risk of R&D and gain synergies from combining complementary skills and resources.
- Forty joint venture proposals were represented among the Nonawardees asked to respond to the survey. For 30 of these joint ventures, one or more companies responded to the survey.
- For half of these 30 joint venture proposals, at least one company reports they are no longer working on any part of the proposed project. This may be an underestimate of the degree to which companies abandon these proposed joint venture projects, since companies no longer working on any part of the project are probably less likely to respond to the survey.

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Companies seeking to partner with the Advanced Technology Program (ATP) submit proposals to the ATP. Proposals must be for the development of innovative technologies that could not obtain private funding due to the high technical risk and that have the potential to produce widespread benefits to the economy and society. Proposals are evaluated for technical and economic merit in a rigorous competitive review process.